Weekly Economic Review

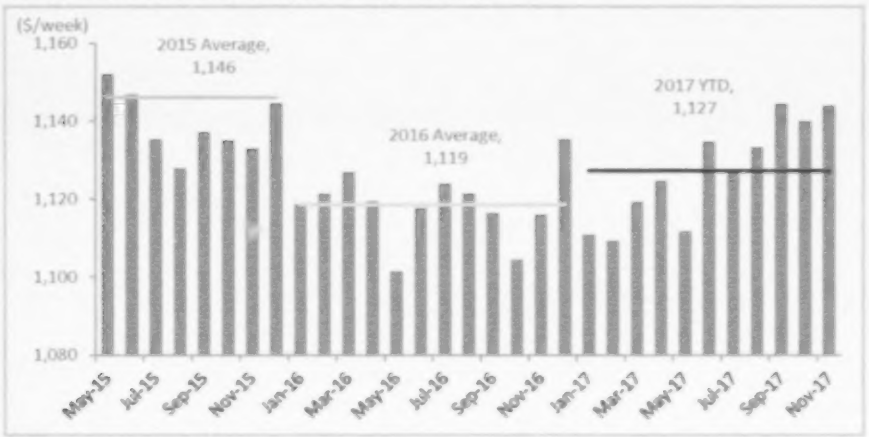
Earnings hold on to recent gains

Average weekly earnings

Earnings near a two-year high

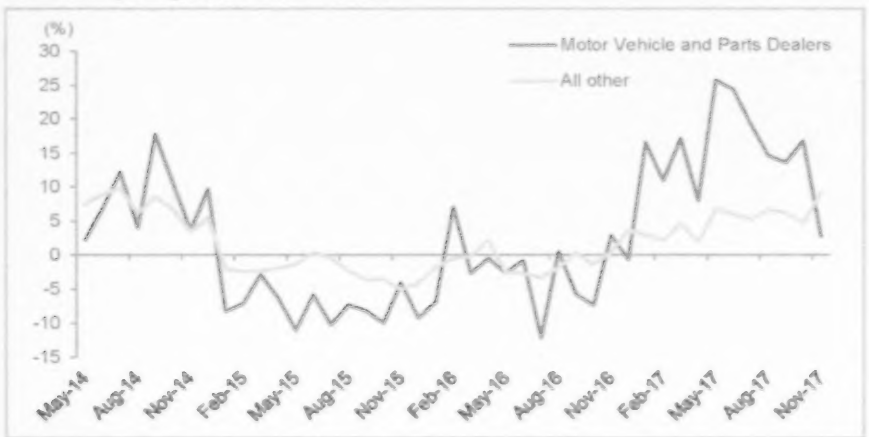
Average weekly earnings (AWE) improved in November, reversing the previous month's decline. Alberta's AWE increased 0.3% month-over-month (m/m) to $1,143, just short of the 23-month high set in September (Chart 1). Earnings in the service sector (+0.5% m/m) continued to move higher, while goods sector earnings (-0.5% m/m) declined for the second month in a row after strong gains over the summer months. AWE gained ground in the second half of 2017 (Chart 1), and have increased 0.9% year-to-date (YTD) through November. This is based on consistent growth in the service industry (+1.9% YTD) which more than offset lower earnings in the goods sector (-1.4% YTD) arising from weakness earlier in 2017.

Chart 1: Average weekly earnings improve in the second half of 2017
Seasonally adjusted average weekly earnings



Source: Statistics Canada

Chart 2: Retail sales ease as momentum slows at motor vehicle dealers
Year-over-year growth in retail sales



Source: Statistics Canada

Retail Sales

Motor vehicle sales weigh on retail sales

After hitting a new high in October, retail sales in Alberta edged lower in November. They dipped 0.3% m/m to $6.8 billion as sales of new vehicles lost momentum after leading growth for much of 2017 (Chart 2). The moderating sales at motor vehicle and parts dealerships were partly offset by higher prices and sales at gasoline stations along with stronger sales at furniture and home furnishing stores and electronic and appliance stores. Despite slipping lower in the month, retail sales continued to improve from last year's depressed levels, up 7.4% year-over-year (y/y) with ten of the eleven categories increasing.

Wholesale Trade

Holds steady in November

The Alberta wholesale trade sector paused in November. The value of wholesale trade was unchanged at $6.8 billion, as gains in food and beverages and motor vehicle and parts were offset by declines in all other sub-sectors. Compared to twelve months ago, the wholesale trade sector continues to recover, rising by 14% y/y, led by machinery and equipment sales and building materials and supplies.

Consumer Inflation

Inflation slows

Alberta's consumer inflation decelerated after hitting a three-year high in November. The annual change in the consumer price index (CPI) stood at 2% in December, down from 2.5% in the previous month. Although energy prices remain the primary driver of annual inflation, up 13.7% y/y, they did edge lower following a surge in November. Excluding energy, inflation moderated from 1.6% to 1.3% y/y (Chart 3) as prices paid for services and food purchased from stores declined. Service prices fell as discounted plans resulted in the largest monthly decline in telephone services since the series started in 1978. The decline was significant enough to offset rising prices in other services such as food purchased from restaurants and transportation services.

New Housing Investment

Momentum slows

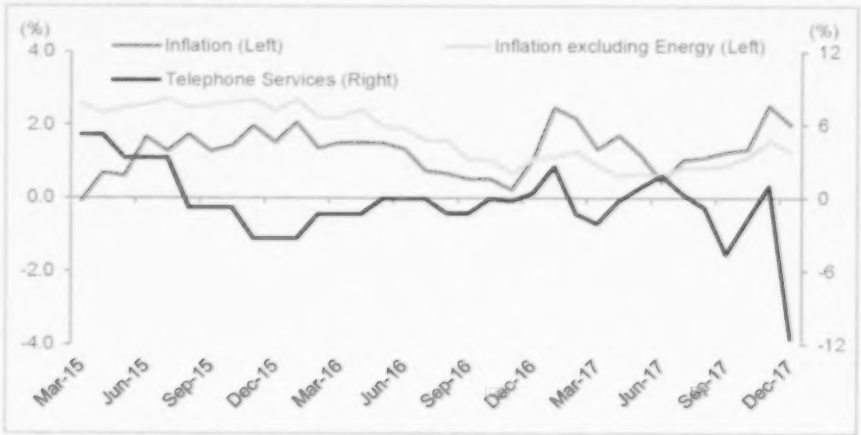
After substantial gains throughout the summer, investment in new housing has slowed. It fell 8.9% m/m in November, following a 4.2% decline in October. Although construction activity typically slows in October and November, the declines were more substantial than in the past. While the year-over-year gains eased from a peak of nearly 26% in August, new housing investment remained substantially higher compared to last November up 16.9%. Even with the recent slowdown, residential investment has gained ground in 2017. Year-to-date investment in new housing was up 6.6%, led by gains in singles and doubles, while investments in row housing and apartment units have been weak.

World Economic Outlook

Higher global growth projections

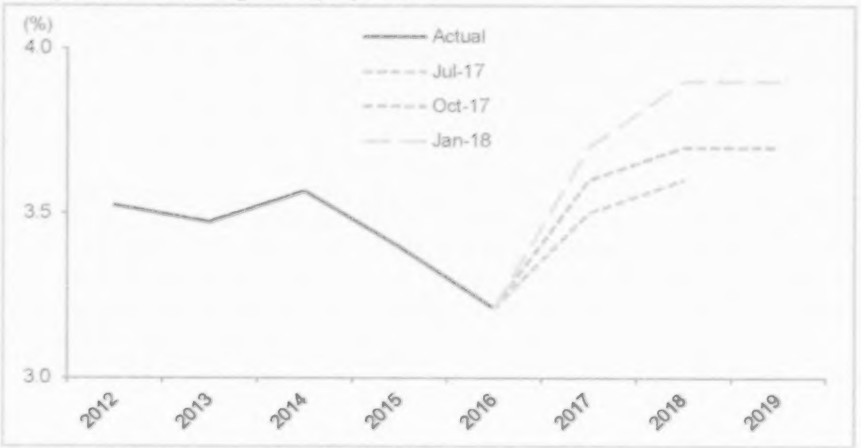
For the third time in the last year, the International Monetary Fund (IMF) has revised its global economic forecast higher. The IMF expects global growth to accelerate to 3.9% in 2018 and 2019, an increase of 0.2 percentage points in both years from the October 2017 outlook (Chart 4). The latest revision was spurred by higher projected US growth following the tax cuts which are expected to generate business investment and lift economic activity. The Canadian economic growth forecast was revised higher to 2.3% in 2018 and 2.0% in 2019.

Chart 3: Inflation dips on lower prices for energy and telephone services
Annual rate of inflation



Source: Statistics Canada

Chart 4: Global economic growth to accelerate
IMF global economic growth projections



Source: International Monetary Fund (IMF)

Contact

Robert Van Blyderveen 780.638.5628

Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.